

SUMMARY OF CORRECTIVE ACTION FOR SEGREGATION OF DUTIES AUDIT ISSUES

CASH MANAGEMENT

I. Checks

- a. All checks are restrictively endorsed, using the endorsement stamp maintained by the building secretary. The club account number must be noted on the check
- b. The Board Finance Committee Chairman regularly approves all check payments
- c. The administrative assistant will prepare student activity fund checks and the finance coordinator will sign checks
- d. Separate individuals write checks, make deposits, and reconcile the bank statements
- e. Two board members sign all capital project fund checks
- f. Prohibit all facsimile (signature stamp) signatures
- g. Board president or Director/Superintendent signs all checks
- h. Keep blanc check stock in a locked, secure environment
- i. Finance Manager reviews and approves all payables documentation
- j. Checks are reviewed for final approval and release by the Board Treasurer
- k. For use of a signature stamp: the person who has access to manual checks has no access to the signature stamp

II. Deposits

- a. The staff member receiving the cash initiates a complete deposit slip, including the club account or general fund revenue account number of the account into which the cash is deposited
- b. Two staff members must count each deposit and initial the deposit slip indicating agreement with the accuracy of the deposit
- c. Every deposit containing more than 10 checks must have an adding machine tape attached that sums the checks
- d. The cash and the deposit slip are given to the building secretary, who will provide a pre-numbered, sealable bank bag (color coded for corresponding bank)
- e. Secretary verifies two sets of initials are on the deposit slip and that the money and deposit slip are sealed in deposit bag
- f. The district's courier will pick up deposit bag and deliver to bank daily.
- g. Both the courier and the secretary will date and initial the appropriate line in the cash receipts log, indicating the courier's acceptance of the cash bags. Note: the courier does not count the cash and will not pick up any bag that is mutilated or not sealed.

- h. The bank will provide the district's business office with two copies of the validated deposit tickets. The business office will retain one copy and the second will be forwarded to the school which made the deposit. Any discrepancies should be reported immediately to the business office for investigation
- i. All deposits will be made by a person independent of the business office
- j. Deposit slips are prepared by a person separate from the person who has access to cash and cash receipts

III. Cash Receipts

- a. Staff members sign the cash over to the secretary in the cash receipts log. The cash receipts log will show the date, dollar amount in the bag, bag number, and the staff member's name
- b. The secretary initials acceptance of the bag in the cash receipts log. Note: the secretary is not verifying the amount of cash in each bag
- c. All petty cash receipts will be properly documented
- d. Building secretaries will monitor petty cash funds. Reimbursements will remain under \$50
- e. The Finance Coordinator monitors petty cash on a yearly basis
- f. The central office petty cash fund has been reduced to \$125 per board policy and will be monitored by the administrative assistant
- g. High School cash drawer is kept locked at all times with the only two available keys held by the HS Principal's Secretary and the HS Bookkeeper

IV. Bank Reconciliations/Statements

- a. A person separate from the processing of checks will reconcile all bank statements
- b. Bank statements are received by a second person in the accounting department to review for reasonableness and final review of the bank reconciliation after preparation by the accountant
- c. Both office employees share the duty of bank reconciliations (i.e., checking each other's work)
- d. Initial preparer signs the bank statement when completed and the second person initials the statement after their review
- e. The President of the Board is designated to review bank statements

ATHLETICS

I. Receipts

- a. Gate receipts are collected by a person hired for the event under the supervision of the Athletic Director
- b. "Ticket Takers" are in charge of admission
- c. "Ticket Takers" stamp hands to verify an admission and record each paid admission with a tally mark

- d. Board of Education members sell tickets, collect the tickets at the gate and count money after the event for the football season
- e. Two persons are in the ticket-selling booth at the point of sale
- f. Athletic tickets are in numerical order per event and documented on a spreadsheet to show beginning and ending ticket numbers for both student and adult tickets
- g. Business manager prepares the till for the event by writing down the starting ticket numbers
- h. Athletes paying for physicals receive a ticket to be turned into the physician. The physician turns the tickets into the central office to be reconciled with the amount of money received for the physicals
- i. All athletic ticket types are recorded separately (i.e., season passes, pre-sold ticket, and at gate tickets) on a tally sheet.

II. Reconciliation

- a. Numbered tickets are reconciled with the information being attached to the deposit form before turning the receipts into the business office
- b. The Superintendent frequently reviews and discusses the reconciliation of the business office records and the Athletic Director's records
- c. "Ticket takers count all money when admissions end and complete a "Record for Gate Receipts"
- d. Athletic Director prepares money box for the next event by removing money, verifying the amount to be left as petty cash and includes a new gate receipt record sheet
- e. Board members count the money and take to the Superintendent's secretary or Athletic Director to be put in safe until deposited the next day
- f. Administrative assistant recounts the deposit and verifies it to the documentation provided, then deposits the money
- g. The number of tickets sold is then verified against the cash collected to come up with total sales for the event
- h. The ticket seller writes down the ending number then signs off on the sheet and brings the till back to the central office
- i. The secretary in the central office counts the money and verifies any shortages or overages
- j. The Athletic Director gets a summary of tickets sold and money collected and deposited
- k. The Athletic Director collects event receipts and tallies them

III. Deposits

- a. Upon reconciliation and deposit to the district Athletic account, the deposit slip is signed by the bookkeeper, attached to a pre-numbered receipt, and given to the Athletic Director

- b. Gate receipts are locked in the high school safe for deposit by the Administrative Assistant
- c. Money is transferred to the Superintendent's secretary for counting and verifying the Gate Receipt Record, and then deposited in the bank
- d. The secretary turns over the money to the business manager to verify and write the deposit and take the deposit to the bank
- e. The school secretary reconciles the event receipts to the tally sheet, verifies the money and both the AD and the secretary initial the deposit slip

PAYROLL SEGREGATION

I. Oversight

- a. The Superintendent approves all pay rates in advance and approves the payroll before processing
- b. Superintendent runs a report that shows all changes made by the payroll specialist, including any changes of pay and additions and deletions of employees. These changes are either approved by the Superintendent or the HR Director
- c. The Business Manager verifies the payroll reports
- d. The payroll clerk provides copies of all federal tax payments and retirement payments on a quarterly basis to the business manager for review
- e. Accounting clerk totals time sheets for hourly employees, then the business manager checks the accuracy of the information and prints all checks
- f. The Superintendent reviews all payroll expenditures prior to checks being issued
- g. HR Director regularly reviews the payroll audit trail, payroll activity report, and payroll additional earnings report

II. Processing

- a. All payroll is processed by the ISD
- b. All paychecks are issued by a payroll officer
- c. Payroll manager received data from District departments for preparation of payroll, verifies the data and inputs it into the system
- d. Upon approval by the business manager, the payroll manager prints and mails checks
- e. Payroll manager files Federal, State, MPSERS, and all related payroll reports
- f. Payroll manager deposits receipts to the bank
- g. Payroll manager handles district insurance for employees, prepares billing information for payment to insurance provider
- h. ISD prints checks and puts them in sealed envelopes for the A/P clerk to distribute

- i. HR Secretary is responsible to set up new hire employees in the system

LIMITED STAFF

I. General

- a. Contract with the ISD for a business staff person to work part-time assisting in the business department
- b. Training of accounting/bookkeeping staff conducted by the ISD
- c. Supervision of accounting personnel by ISD accounting staff
- d. Assign an employee to perform part-time duties to provide greater segregation of financial responsibilities
- e. Use of a consultant, formerly of MSBO, to recommend changes in practice and procedures
- f. All general fund receipts recorded on a receipt log by someone other than the person preparing the general fund bank deposit
- g. Reassign some duties within the accounting department to other staff members

II. Board of Education members

- a. The Board is active in the business activities, such as approval of all accounts payable prior to the release of payments
- b. Use of the Board to implement recommended changes
- c. Monitoring by the Board
- d. Board member (with accounting background) actively oversees the payment of bills each month
- e. Board of Directors reviews all financial transactions
- f. Board approves all individual transactions and reviews budget to actual expenses
- g. Board establishes guidelines for supervisory approval of all invoices
- h. All payments receive Board approval prior to issuance of checks
- i. Specific fund functions reassessed and reassigned so that one person is not performing all functions
- j. Board reviews check registers monthly

III. Superintendent

- a. Plays an active role in monitoring the overall accounting and finance departments
- b. The Superintendent, or the Superintendent's designee, could actively review the general fund bank reconciliation on a monthly basis
- c. The Superintendent, or the designee, actively reviews all journal entries posted on a monthly basis. This process should be documented in writing on a monthly basis
- d. The Superintendent is responsible for oversight of the district's internal control structure

- e. The Superintendent reviews all documentation generated by the district's accounting personnel
- f. Superintendent approves all bills prior to payment
- g. Superintendent has read-only access to the finance program to be able to see all activity in the accounts
- h. Money is received and deposited by the Superintendent's secretary and the receipts are then entered by the ISD accountant
- i. The Superintendent approves all pay rates in advance and approves the payroll before processing by the ISD
- j. Superintendent's secretary sorts all mail
- k. Superintendent's secretary receipts any incoming funds and deposits them in the bank
- l. Superintendent's secretary processes and mails checks that have been input and printed by the accounting assistant
- m. Superintendent's secretary opens/sorts/distributes business office mail
- n. Superintendent reviews monthly bank statements and reconciles them
- o. Eliminate signature card and all checks will be hand signed by Superintendent/Director
- p. Secretary will mail all checks after they are signed
- q. Superintendent/Director will approve all expenditures and budget reconciliations
- r. Superintendent/Director performs bank reconciliations
- s. Administrative Assistant will record all incoming revenue prior to being recorded by the Business Manager
- t. All invoices will be approved by an administrator or designee prior to issuance of payments by the Business Manager
- u. Bank statements are mailed directly to the Superintendent for review of cancelled checks for alterations and/or abnormalities
- v. Building Principals and Superintendent approve all purchase requisitions prior to ordering
- w. Superintendent's secretary records receipts before being deposited by the Business Manager
- x. Superintendent will review all bank statements prior to forwarding them to the Business Manager
- y. All check requests will be approved by the Superintendent
- z. All journal entries will be approved by the Superintendent

IV. Business Office

- a. Management oversight
- b. Office Assistant collects, distributes, and opens mail, and writes the checks for payment of bills
- c. Chief Accounting Officer oversees the bills being paid, signs the checks, and makes deposits

- d. Bookkeeper posts the checks in the system and weekly reconciles the general fund
- e. All journal entries reviewed and approved by the Director of Finance
- f. All journal entries are numbered using a numbering system for the person who initiates the journal entry
- g. All journal entries made by the Director of Finance are reviewed and approved by the Superintendent
- h. Hire an outside CPA firm, different from the auditors, to create monthly bookkeeping entries and to reconcile bank accounts
- i. Accounts payable officer handles all invoices, issues checks, and verifies deposits
- j. The payroll officer issues all paychecks
- k. The Business manager opens all bank statements, balances all checkbooks, monitors both payroll and accounts payable check registers, and performs all reconciliations
- l. Cross-training staff to further segregate handling cash and reconciliation of bank statements
- m. Rearrangement of duties involved in the receipt of funds and disbursement of checks
 - n. The accounting assistant posts receipts into the accounting system
 - o. Accounts Receivable/Payable Clerk verifies monies received by district and prepares bank deposits
 - p. AR/AP clerk logs receipts into computer system; gives listing to the business manager to verify and post
 - q. AR/AP clerk prepares invoices for payment, verifies receipt of purchase and check requests, and gives list to Business Manager for approval before presenting to Board
 - r. AR/AP mails checks to vendors
 - s. Business Manager posts receivable and payables, prints accounts payable checks, monitors bank accounts, balances ledgers, reconciles bank accounts, prepares and posts month-end entries for accounts payable and payroll, and oversees all procedures
 - t. Payroll clerk will provide copies of all federal tax payments and retirement payments to the Business Manager on a quarterly basis
 - u. Business Manager will perform bank reconciliations on a monthly basis
 - v. Cross-training of employees to reconcile the accounts of another person
 - w. The person who has access to manual checks has no access to signature stamp
 - x. Deposit slips are prepared by a person separate from the person who has access to cash and cash receipts
 - y. Director of business and Finance opens and reviews all bank statements and traces activity to supporting documentation
 - z. Assistant to Director completes bank reconciliations

- aa. Food Service Director will submit all hot lunch bills for payment and the business manager will reconcile the account
- bb. Athletic checks are issued by the assistant athletic director and the Business Manager performs bank reconciliations for athletics

V. ISD

- a. Supervision of accounting personnel by the ISD
- b. All payroll processed by the ISD
- c. ISD prints checks and puts them in sealed envelopes for the AP clerk to distribute
- d. Contract with the ISD for a business staff person to work part-time assisting in the business department
- e. Contract with the ISD to perform all financial duties
- f. Bank reconciliations are done by the ISD accountant and then approved by the Director of Finance at the ISD
- g. Partnership with the ISD to bring in a business manager consultant on a regular basis who will work with the district business manager to submit state reports and provide a check and balance system